



Title: I, Payroll/Personnel Manual

Chapter: 28, Section 2, Tax Formulas (TAXES)

Bulletin: TAXES 10–14, Vermont State Income Tax Withholding

Date: January 15, 2010

To: Holders of TAXES (State of Vermont only)
Personnel User Groups
T&A Contact Points in Vermont

Beginning with wages paid for Pay Period 4, the National Finance Center (NFC) will make the following changes to the state of Vermont income tax withholdings:

- The Single or Head of Household and Married withholding tables will change.

No action on the part of the employee or the personnel office is necessary.

To view the updated tax formula, go to NFC's Home Page (www.nfc.usda.gov) and click the **Publications** link at the top of the page. At the Publications page right-hand menu, click **Tax Formulas** and select the appropriate state from the map provided. Changes to the tax formula are identified by “▶◀”.

For questions about NFC processing, contact the Payroll/Personnel Call Center at **504-255-4630** or the EmpowHR Help Desk at **1-888-367-6955**

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Vermont State Income Tax Information

State Abbreviation:	VT
State Tax Withholding State Code:	50
Acceptable Exemption Form:	W-4VT
Basis For Withholding:	Federal or State Exemptions
Acceptable Exemption Data:	S or M / Number of Exemptions
TSP Deferred:	Yes
Special Coding:	None
Additional Information:	If a state income tax certificate has not been processed or if a valid state exemption code is not present, the Federal exemptions will be used in the computation of state tax. Additional withholdings will be held at 27 percent of the Federal tax withheld and added to the state tax withholdings.

Withholding Formula ►(Effective Pay Period 4, 2010)◄

1. Subtract the nontaxable biweekly Thrift Savings Plan contribution from the gross biweekly wages.
2. Subtract the nontaxable biweekly Federal Health Benefits Plan payment(s) (includes dental and vision insurance program, and flexible spending account – health care and dependent care deductions) from the amount computed in Step 1.
3. Add the taxable biweekly fringe benefits (taxable life insurance, etc.) to the amount computed in step 2 to obtain the adjusted gross biweekly wages.
4. Multiply the adjusted gross biweekly wages by 26 to obtain the annual wages.
5. Determine the exemption allowance by applying the following guideline and subtract this amount from the annual wages to compute taxable income:

$$\text{Exemption Allowance} = \$3,650 \times \text{Number of Exemptions}$$

6. Apply the taxable income computed in step 5 to the following table to determine the annual Vermont tax withholding:

**Tax Withholding Table
Single**

If the Amount of Taxable Income Is:		The Amount of Vermont Tax Withholding Should Be:			Of Excess Over:
Over:	But Not Over:				
\$ 0	\$ 2,650	\$ 0.00	plus	0.00%	\$ 0
2,650	►36,050	0.00	plus	3.55%	2,650
36,050	84,450	1,185.70	plus	6.80%	36,050
84,450	173,900	4,476.90	plus	7.80%	84,450
173,900	375,700	11,454.00	plus	8.80%	173,900
375,700	and over	29,212.40	plus	8.95%	375,700 ◄

If the Amount of Taxable Income Is:		Married The Amount of Vermont Tax Withholding Should Be:				Of Excess Over:	
Over:	But Not Over:						
\$ 0	\$ 8,000	\$ 0.00	plus	0.00%		\$ 0	
8,000	▶ 63,200	0.00	plus	3.55%		8,000	
63,200	145,050	1,959.60	plus	6.80%		63,200	
145,050	217,000	7,525.40	plus	7.80%		145,050	
217,000	381,400	13,137.50	plus	8.80%		217,000	
381,400	and over	27,604.70	plus	8.95%		381,400	◀

7. Divide the annual tax withholding by 26 to obtain the biweekly Vermont tax withholding. If Federal exemptions were used and there are additional withholdings, proceed to step 8.
8. If additional Federal tax was withheld, multiply the additional amount by 27 percent and add that to the result of step 7 to obtain the biweekly Vermont tax withholding.